IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re Application of	Atty. Docket No.: 2596-001
Joseph NELSON *et al.*	
Appln. No.: 09/517,419	Group Art Unit: 3628
Filing Date: March 2, 2000	Examiner: Chencinski, S.

For: SYSTEM AND METHOD FOR ELECTRONIC LOAN APPLICATION AND FOR CORRECTING CREDIT REPORT ERRORS

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Appellants' Supplemental Brief On Appeal Under 37 C.F.R. § 1.193(b)(2)(ii)

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Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

In reply to the Office Action mailed August 15, 2003 and in accordance with the provisions of 37 C.F.R. § 1.193(b)(2)(ii), Appellants request that the Appeal be reinstated and submits the following:

Appellants hereby affirm that items I-V, and VII of, and the Appendix to, the Brief on Appeal filed May 27, 2003 remain the same. It is Appellant's understanding that there is no need to reiterate contentions and information which were set forth in the Brief on Appeal. See 62 Fed. Reg. 53,132, 53,169 (1997) ("Contentions (or information) set forth in a previously filed appeal (or reply brief) need not be reiterated in a reply brief or supplemental appeal brief.").

VI. ISSUES

The issues on Appeal are:

Are claims 1, 2 and 4 unpatentable over "Novastar" in view of U.S. Patent App. Pub. 2003/0018124 to Mennie et al. and "ique.com" as being obvious?

Are claims 5 and 20 unpatentable over U.S. Patent No. 5,940,812 to Tengel et al. in view of "ique.com" and U.S. Patent No. 5,611,052 to Dykstra et al. and "Novastar" as being obvious?

Are claims 6-12 obvious over "Novastar" in view of U.S. Patent No. 5,611,052 to Dykstra et al. as being obvious?

Are claims 16-19 unpatentable over U.S. Patent No. 5,940,812 to Tengel et al. in view of U.S. Patent No. 5,611,052 to Dykstra et al., and further in view of "ique.com" and "Novastar" as being obvious?

And, are claims 21-22 obvious over U.S. Patent No. 5,940,812 to Tengel et al. in view of "Novastar" as being obvious?

VIII. ARGUMENTS

Claim Rejections - 35 USC §103

Claims 1, 2, and 4 were rejected as being obvious over "Novastar" in view of U.S. Patent App. Pub. 2003/0018124 to Mennie et al. and "ique.com."

To establish a *prima facie* case of obviousness, three basic criteria must be met (See M.P.E.P. Section 2143). First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. *In re Fine*, 837 F.2d 1071, 5 USPQ2d

1596 (Fed. Cir. 1988); *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

Second, there must be a reasonable expectation of success. This requirement is primarily concerned with less predictable arts, such as the chemical arts.

Finally, the prior art must teach or suggest each and every limitation of the claimed invention, as the invention must be considered as a whole. *In re Hirao*, 535 F.2d 67, 190 U.S.P.Q. 15 (C.C.P.A. 1976).

The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in Apellant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

In the present case, at least the first and third of these criteria have not been met in the latest Office Action.

No Motivation to Combine

First, there is no suggestion or motivation, either in the references or in the knowledge generally available to one of ordinary skill in the art, to modify the alleged credit dispute procedure of the on-line automated loan origination and approval system of "Novastar" with the scanning of the automatic currency processing system of Mennie et al. and the parsing of the credit checking software of "ique.com" in order to establish "a more efficient automated method for electronic loan application and for correcting credit report errors."

While Appellants again concede that reliance on many references in a rejection does not, without more, weigh against the obviousness of the claimed invention (see *In re Gorman*, 18 USPQ2d 1885, Fed. Cir. 1991), Appellants also note that the criterion is what the references would have meant to one of ordinary in the field of invention (*Id.*, 1888).

As per MPEP 2141.02, a prior art reference must be considered as a whole, *including portions that would lead away* from the invention. *W. L. Gore and Associates, Inc. v. Garlock, Inc.*, 220 USPQ 303 (Fed Cir. 1983).

In the present case, the Internet Underwriter of "Novastar" is drawn to an automated underwriting and loan origination system for use on a proprietary network by brokers, mortgage companies and financial institutions (see paragraph 1). *As a whole*, "Novastar" teaches the use of the system for ordinary loan underwriting as done by professionals in the field, and thus teaches against use by the borrowers. Part of the ordinary underwriting process includes, as stated in paragraph 3, correcting "any inaccuracies appearing in the credit report" and entering "prospective adjustments to the borrower's credit profile."

Paragraph 6 specifically teaches against the present invention's borrower inputs by teaching that keeping Internet Underwriter as a broker product maintains "the 'high touch' service that the consumer demands." Even though "customized web pages" for "dealing directly with the consumer" are taught at the end of paragraph 6, there is no teaching or suggestion to have consumers or borrowers designate credit references to be disputed. *As a whole*, "Novastar" fails to teach or fairly suggest any credit repair interaction by the borrower, and thus clearly fails to teach or suggest, inherently or otherwise, the electronic designation by the borrower of credit references to be disputed, the electronic designation by the borrower of the reasons for disputing the credit reference, or the automatic generation of a dispute communication related to the credit reference.

Furthermore, "Novastar" fails to suggest any scanning of supporting documentation and, indeed, *has no need for it* since the system of "Novastar" is operated by the underwriters who

would need to view these documents and thus would inherently *already have the documents* for use as input, as discussed further, below.

Mennie et al. is drawn to an automatic currency processing system that involves document/currency scanning. The relied-upon paragraph [102] discloses use for "loan applications...and *all other types of forms with predetermined fields*" (emphasis added). It fails to teach or suggest scanning of documents without predetermined fields, *such as supporting documents, which can take virtually any form.* Mennie et al. further fails to teach or suggest viewing credit reports, correction of credit report data, and/or automatic generation of credit dispute communications. As a whole, it merely teaches the scanning of loan application *forms* as an input means. Even if the loan application portion of "Novastar" used scanning as taught by Mennie et al., there would be no reason for an underwriter to scan supporting documents *absent impermissible hindsight*, since these documents do not have predetermined fields and since the underwriter would typically already have received the documents as part of the application.

The SMART.ALX software disclosed in "ique.com" is drawn to the electronic ordering and use of credit report data. It fails to teach or suggest correction of credit report data and/or automatic generation of credit dispute communications. Although "ique.com" teaches credit report access, filtering, and viewing, "Novastar" already teaches that its Internet Underwriter can "receive credit information" such that one of ordinary skill in the art would have no reason to look beyond "Novastar" for credit report information handling *absent impermissible hindsight.*

Indeed, when considered as a whole, none of the references teach or suggest any reason to combine with each other, absent impermissible hindsight, and appear to teach against any such combination for the above-mentioned reasons.

All Claim Limitations Not Shown

None of the cited references teaches either "assembling and scanning *supporting documents from a borrower* for a loan to create an electronic copy of the supporting documents" or "*the borrower deciding to dispute a credit reference; the borrower designating electronically those credit references to be disputed; the borrower designating to the loan application server electronically the reason for disputing the credit reference; and the loan application server automatically generating a dispute communication relating to the credit reference*" as presently required by claim 1.

As discussed above, Mennie et al. teaches only the scanning of application forms with predetermined fields. It nowhere suggests scanning of supporting documentation for an electronic loan application.

As discussed in the response to the first Office Action and in the Appeal Brief, the third paragraph of the "Novastar" press release was specifically relied upon to purportedly disclose a method for "credit correction comprising: the borrower deciding to dispute a credit reference; the borrower designating electronically those credit references to be disputed; the borrower designating to the loan application server electronically the reason for disputing the credit reference; and the loan application server automatically generating a dispute communication relating to the credit reference." However, Appellants submit that this is an erroneous characterization of the press release.

The third paragraph of the press release states:

> "Internet Underwriter provides easy-to-follow steps to enter borrower and property information, request and receive credit information and view rate alternatives available to the borrower. *Users* will also have the ability to *correct any inaccuracies appearing on the credit report and enter prospective adjustments to the borrower's credit profile.* In

addition to receiving underwriting approval, *customers* will eventually be able select to and lock the interest rate on the loan as well as order and receive loan closing documents."

The preceding paragraphs identify the Internet Underwriter system as:

"available to NovaStar customers, which includes *retail mortgage brokers, mortgage companies and financial institutions*. It will provide *these customers* with the ability to receive an underwriting decision and approval within minutes.

IU will be available for use across the United States by simply accessing the Company's website. The system will be accessible 24 hours a day, seven days a week with an approved *customer ID* and password."

As stated in the press release, users are *retail mortgage brokers, mortgage companies and financial institutions.* These users have the ability to *correct any inaccuracies appearing on the credit report and enter prospective adjustments to the borrower's credit profile* such that, in this arrangement, the users are acting as the underwriter. Underwriters typically correct and adjust borrower credit references and profiles in the prior art, but *borrowers do not*, hence the "Internet Underwiter" name for the NovaStar Financial product. Indeed, the present invention does not claim the ability to "*correct any inaccuracies appearing on the credit report and enter prospective adjustments to the borrower's credit profile*" as done by underwriters, but rather claims a system and method for *disputing a credit reference* as done by borrowers/consumers and *automatically generating a communication to dispute the credit reference.*

Notably absent from the press release is any disclosure of a *borrower disputing* a credit reference or any *automatic generation of a dispute communication* as required by the following limitations in method claim 1:

- a *borrower* deciding to dispute a credit reference;
- the *borrower designating electronically those credit references to be disputed*;

- the *borrower designating electronically the reason for disputing* the credit reference; and
- *automatically generating a dispute communication* relating to the credit reference.

Since none of the cited prior art, including the "Novastar" press release, disclose or fairly suggest a step for *borrower dispute* of credit references or *automatic generation of a dispute communication* within an automated loan origination or credit review environment, Appellants respectfully submit that the claims 1, 2, and 4 are patentable over the cited prior art

In view of the above arguments, Appellants respectfully submit that claims 1, 2, and 4 are novel and non-obvious over "Novastar" in view of U.S. Patent App. Pub. 2003/0018124 to Mennie et al. and "ique.com."

Additionally, because all of the other rejections depend on "Novastar" as applied to claim 1 for allegedly teaching the presently claimed credit dispute and automatic dispute communication limitations, which it does not, and because none of the other applied references make up for this deficiency, Appellants submit that all of the claims of the present invention are novel and non-obvious over the prior art.

Claims 5 and 20 were rejected as being obvious over U.S. Patent No. 5,940,812 to Tengel et al. in view of "ique.com" and U.S. Patent No. 5,611,052 to Dykstra et al. and "Novastar."

As discussed above with respect to claims 1 above, "Novastar" and "ique.com" lack the teachings and elements required to establish a *prima facie* case of obviousness with respect to independent claim 1. Likewise, Tengel et al. is concerned with matching borrowers to loans and uses electronically collected credit report data as part of the matching criteria. It fails to teach or suggest viewing credit reports, correction of credit report data, and/or automatic generation of credit dispute communications. *As a whole*, this reference is broker-centric, which is to be

expected since brokers are those that typically assist borrowers in obtaining suitable loans.

Dykstra et al. was criticized in the background portion of Tengel et al. as not providing the best loan, thus teaching away from Dykstra et al. The cited portion of Dykstra et al. merely discloses formatting of credit *requests*; credit reports can have additional information appended thereto (see column 5, lines 53-58). Dykstra et al. is, at best, cumulative of the SMART.ALX teaching of Tengel et al. and fails to remedy any of the cited deficiencies of "Novastar", so the combination of Tengel et al., "ique.com", Dykstra et al., and "Novastar" fails to establish a *prima facie* case of obviousness for at least the same reasons cited above with respect to claim 1.

Appellants note that claim 5 differs in scope from claim 1 by providing that the borrower or the broker can perform some of the steps. However, "Novastar" still lacks any teaching regarding "the borrower deciding to dispute a credit reference" and "automatically generating a dispute communication relating to the credit reference."

Accordingly, Appellants respectfully submit that claims 5 and 20 are novel and non-obvious over U.S. Patent No. 5,940,812 to Tengel et al. in view of "ique.com", U.S. Patent No. 5,611,052 to Dykstra et al. and "Novastar."

Claims 6-12 were rejected as being obvious over "Novastar" in view of U.S. Patent No. 5,611,052 to Dykstra et al.

Independent claim 6 is a system claim that is substantially coextensive with method of claim 1 with respect to the discussed limitations.

As discussed above, "Novastar" and Dykstra et al. lack the teachings and elements required to establish a *prima facie* case of obviousness with respect to independent claims 1 and 5. As discussed with respect to claim 5, above, Dykstra et al. fails to remedy any of the cited

deficiencies of "Novastar," so the combination of "Novastar" and Dykstra et al. fails to establish a *prima facie* case of obviousness for at least the same reasons cited above with respect to claims 1 and 5.

Specifically, the Internet Underwriter of "Novastar" is drawn to an automated underwriting and loan origination system for use on a proprietary network by brokers, mortgage companies and financial institutions (see paragraph 1). *As a whole*, "Novastar" teaches the use of the system for ordinary loan underwriting as done by professionals in the field, and thus teaches against use by the borrowers. Whether the software is on client computers or servers is not disclosed. Part of the ordinary underwriting process includes, as stated in paragraph 3, correcting "any inaccuracies appearing in the credit report" and entering "prospective adjustments to the borrower's credit profile." *As a whole*, "Novastar" fails to teach or fairly suggest any interaction by the borrower, and thus clearly fails to teach or suggest, inherently or otherwise, the electronic designation by the borrower of credit references to be disputed, the electronic designation by the borrower of the reasons for disputing the credit reference, or the automatic generation of a dispute communication related to the credit reference performed by the instructions on the server.

Likewise, the cited portion of Dykstra et al. merely discloses formatting of credit *requests*; credit reports can have additional information appended thereto (see column 5, lines 53-58). Dykstra et al. is, at best, cumulative of the SMART.ALX teaching of Tengel et al. and fails to remedy any of the cited deficiencies of "Novastar."

Accordingly, Appellants respectfully submit that claims 6-12 are novel and non-obvious over "Novastar" in view of U.S. Patent No. 5,611,052 to Dykstra et al.

Claims 16-19 were rejected as being obvious over U.S. Patent No. 5,940,812 to Tengel et

al. in view of U.S. Patent No. 5,611,052 to Dykstra et al., and further in view of "ique.com" and "Novastar."

Independent claim 16 is a system claim that is similar to claim 6 and substantially coextensive with method claim 1 with respect to the discussed limitations.

Again, Tengel et al., "Novastar," Dykstra et al., and "ique.com" lack the teachings and elements required to establish a *prima facie* case of obviousness with respect to independent claims 1, 5, and 6. Accordingly, Appellant respectfully submits that claims 16-19 are novel and non-obvious over U.S. Patent No. 5,940,812 to Tengel et al. in view of U.S. Patent No. 5,611,052 to Dykstra et al., and further in view of "ique.com" and "Novastar."

Claims 21-22 were rejected as being obvious over U.S. Patent No. 5,940,812 to Tengel et al. in view of "Novastar."

As with all the other rejections based at least in part upon these two references, the combination lacks the teachings and elements required to establish a *prima facie* case of obviousness for the reasons cited above.

Accordingly, Appellants respectfully submit that claims 21-22 are novel and non-obvious over U.S. Patent No. 5,940,812 to Tengel et al. and "Novastar."

Additional Arguments

Appellants submit that the Examiner has grossly mischaracterized the applied references and has made innumerable erroneous statements regarding what the prior art discloses and teaches. Appellants have previously pointed out that the "users" that NovaStar's Internet Underwriter software allows "to correct any inaccuracies appearing in the credit report and enter prospective adjustments to the borrower's credit profile" are not the claimed *borrowers* and that

"Novastar" nowhere discloses or fairly suggests a means or step for *borrower dispute* of credit references or *automatic generation of a dispute communication* within an automated loan origination or credit review environment.

In the latest Office Action, the Examiner makes additional erroneous statements, such as, but not limited to, erroneously stating that "Mennie discloses the assembling and scanning of supporting documents from a borrower for a loan to create an electronic copy of the supporting documents" when, in fact, Mennie et al. clearly teaches only the scanning of loan applications themselves and other forms having predetermined fields or that "Novastar discloses a system wherein the server further comprises instructions for allowing the borrower to designate those credit references that the borrower wishes to dispute; and the server further comprises instructions for presenting to the borrower options for explaining and disputing the inaccurate credit references, and for automatically generating a communication to the credit bureau based upon the dispute option selected by the borrower" when, in fact, no such disclosure exists.

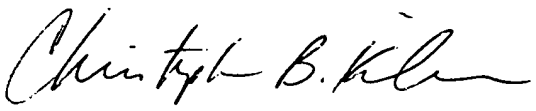
IX. CONCLUSION

For the above reasons, Appellants respectfully submit that the Examiner has failed to make out a *prima facie* case of obviousness with regard to claims 1,2, 4-12, and 16-22, and asks that the obviousness rejections be reversed.

The present Supplemental Brief on Appeal is being filed in triplicate.

Appellants hereby petition for any extension of time that may be required to maintain the pendency of this case, and any required fee for such extension is to be charged to Deposit Account No. 18-1579.

Respectfully submitted,



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